



TERRY E. BRANSTAD, GOVERNOR

IOWA UTILITIES BOARD
DEPARTMENT OF COMMERCE

April 18, 1996

Mr. William F. Caton, Acting Secretary
Federal Communications Commission
Room 222, 1919 M Street NW
MS 1170
Washington, DC 20554

APR 19 1996

DOCKET FILE COPY ORIGINAL

RE: Policy and Rules Concerning the Interstate, Interexchange
Marketplace, Implementation of Section 254(g) of the Communications
Act of 1934, as amended, CC Docket No. 96-61

Dear Mr. Caton:

Enclosed for filing in the above docket are an original and twelve copies of the
"Comments of the Iowa Utilities Board." Two of the copies are annotated as "Extra
Public Copy."

Please stamp one of the enclosed copies, and return it in the enclosed postage-
paid envelope.

Sincerely,

William H. Smith, Jr.
Chief
Bureau of Rate & Safety Evaluation

Enclosures

cc: International Transcription Service
Common Carrier Bureau
Elizabeth Ross, Attorney
Telecommunication Reports News Office

cc: [unclear] [unclear] 0411

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

APR 19 1996

In the Matter of)
)
Policy and Rules Concerning the) CC Docket No. 96-61
Interstate, Interexchange Marketplace)
)
Implementation of Section 254(g) of the)
Communications Act of 1934, as amended)

INITIAL COMMENTS
OF THE IOWA UTILITIES BOARD

The Iowa Utilities Board (Board) offers the following comments on the proposed rules. Because our suggestions with respect to detariffing are interrelated with other sections of the notice, we are filing comments on all sections at this time.

SUMMARY

1. If the Commission terminates the tariff filing process, it should be replaced with a method of public posting of rates through an electronic bulletin board.
2. In defining relevant markets for analyzing the extent of competition, the Commission should bear in mind the special needs and circumstances of rural areas.

COMMENTS

SECTION III -- Detariffing

The Commission's notice suggests that the current rate system is obsolete. Under this system, interexchange carriers are required to file tariffs of their rates, and the Commission may assess whether those rates are just and reasonable.

The Board is not troubled by a conclusion that the tariff process no longer serves many of its historic purposes. Competitive pressures have reduced the opportunity and the incentive for carriers to exert monopolistic pricing power. Growing competition has also mitigated the historic regulatory concern over monopolistic profit levels. These were the main purposes behind regulatory approval of rate levels. If the Commission concludes that approval of rate changes is no longer useful, it can spare itself the related procedures of advance filing, suspension, and refunding.

But public posting of tariffs serves other purposes. It gives consumer an opportunity to discover alternatives available to them. It gives regulators and others an authoritative rate reference as an aid to dispute resolution and responding to customer complaints. Posted rates deter secret and discriminatory deals. Public posting also gives the Commission a way to watch for tacit price coordination, a concern addressed in Section VII of the

notice. Without posted rates, carriers are invited to maintain artificial “official” prices that are observed

The Telecommunications Act of 1996 creates a new regulatory use for posted rates. As outlined in Section VI of the Notice, Section 254(g) requires two rate comparisons: Rates for rural areas may not be higher than rates for urban areas, and rates in one state may not be higher than those in another state. As future regulators try to assure compliance with this Congressional standard, lack of readily available posted rates would make that task more difficult.

Iowa uses rate comparisons another way. Rather than actively regulating intrastate intraLATA rates, the Board merely requires a carrier to certify that its intraLATA toll rates are no higher than corresponding rates for interLATA service. Complete detariffing of interstate services would undercut the validity of this efficient guidepost.

If the Commission finds it appropriate to end the tariff approval process, it can still retain the advantages of posting through electronic methods that are now becoming commonplace. The Board believes that, particularly for the telecommunications industry, electronic posting to bulletin boards is an efficient way to make pricing information instantly and universally available. Bulletin boards can be consulted by federal and state regulators and by even moderately sophisticated consumers.

The Board believes that a requirement for public posting of rates offers an effective method of compliance with the rate deaveraging and rate integration requirements of the 1996 Act. While the carrier certification method approach proposed in the Notice may give the Commission a helpful "first cut" at compliance, real violations would be difficult to document without a posting system.

It would be most advantageous to require all carriers to post rates to a bulletin board maintained by the Commission. Users could reach the postings of several carriers with a single call and in a common format. A less efficient alternative would be to require each carrier to post its rate information to its own bulletin board. This option is less desirable because users would have to deal with multiple boards in non-standard formats.

SECTION IV: Definition of Relevant Markets

The Board understands the principal use of analysis of competition by geographic market will be to determine the eligibility of Bell Operating Companies to offer in-region interLATA service under section 271 of the Communications Act as amended by the 1996 Act. We note that section 271 contains several specific analytic requirements at the level of the state for which the authorization is requested. These requirements are not identical to the sort of competitive market power analysis that might be performed for

antitrust purposes. For instance, section 271(c)(1) turns on the presence or absence of a facilities based competitor. Likewise, the competitive checklist in section 271(c)(2)(B) turns on the “access or interconnection provided or generally offered” by the BOC.

The Board believes the more likely questions will involve the geographic extent of the conditions outlined in section 271(c). We urge the Commission to look for more than pinpoints of competition. The presence of facilities based competitors in, say, the two largest metropolitan areas of a state does not indicate that competitive choices are generally available in that state.

In the context of competition for a local service, it is understandable that the Commission hopes to avoid analysis of every locality. State commissions offer a resource for ascertaining the extent of competition in exchanges throughout the state with specific reference to the criteria of section 271. The success of the Congressional deregulatory program depends, in part, on assuring that the benefits of competition do not skip over rural America.

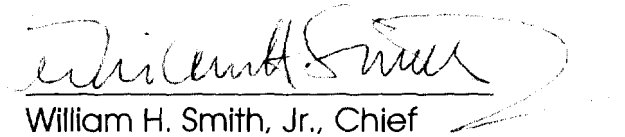
CONCLUSION

The Iowa Utilities Board urges the Commission in adopting final rules

- to consider the benefits of an electronic rate posting system, and

- to remain attentive to the different needs of rural areas in its analysis of competition.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "William H. Smith, Jr.", is written over a horizontal line.

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